

# Transportation, Infrastructure, and Capitals Appropriations Subcommittee

Presentation by LSA Fiscal Services Division  
January 24, 2013

# Subcommittee Responsibilities

- Transportation, Infrastructure, and Capitals (TIC) Appropriations  
Subcommittee reviews budgets and provides funding recommendations for the following budget areas:
  - ◆ Department of Transportation
  - ◆ State agencies requesting funding for infrastructure, capital, and technology projects
- Subcommittee usually passes two appropriation bills:
  - ◆ Transportation Appropriations Bill
  - ◆ Infrastructure Appropriations Bill
- Subcommittee is different from the other Appropriation Subcommittees because it *usually* does not appropriate from the General Fund
  - ◆ Appropriations are typically made from several of the State's other funds, including road funds and infrastructure funds

# Department of Transportation

- Created in 1974 by 65<sup>th</sup> General Assembly
  - ◆ Began operating in 1975
  - ◆ Manage and maintain more than 9,400 miles of State-owned highways and ramps and 4,200 bridges
  - ◆ License drivers, oversee collection of vehicle titles and registration fees
  - ◆ Enforce all federal and State transportation laws and regulations
  - ◆ Develop passenger rail services; deliver air transportation services; provide assistance to public transit agencies; assist in development of multiuse trails
  - ◆ Regulate vehicle dealers, recyclers, leasing companies, and manufacturers
  - ◆ Support transport of commodities through more than 11,400 miles of pipeline

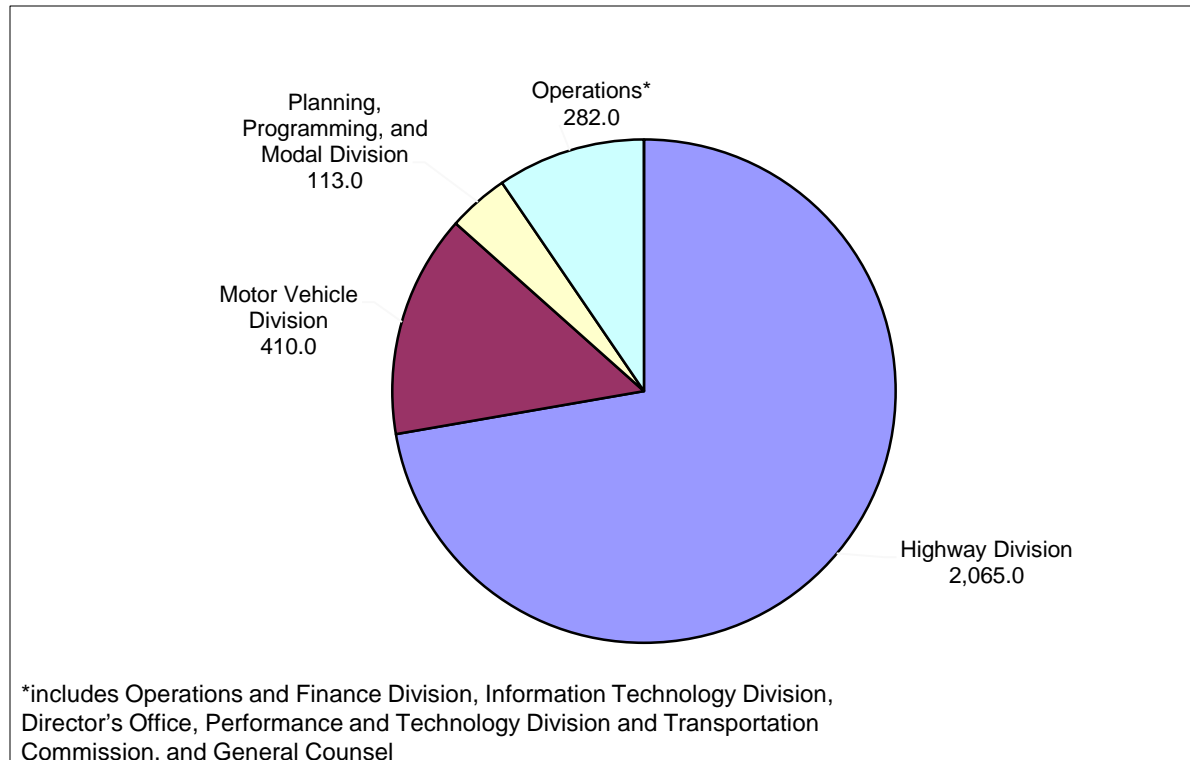
# Department of Transportation

The Department's budget is funded from two sources:

- Road Use Tax Fund (14.0%)
- Primary Road Fund (86.0%)
  - ◆ Primary Road Fund moneys originate from the Road Use Tax Fund
- For estimated FY 2013 – DOT appropriations – \$350.5 million
  - ◆ \$303.1 million from Primary Road Fund
  - ◆ \$47.4 million from Road Use Tax Fund
  - ◆ FTE positions authorized – 2,870.0

# FTE Positions Authorized in SF 2314

## FY 2013 Transportation Appropriations Act



- SF 2314 authorized 2,870.0 FTE positions for FY 2013
- The DOT requested and the Governor recommended 2,870.0 FTE positions for FY 2014

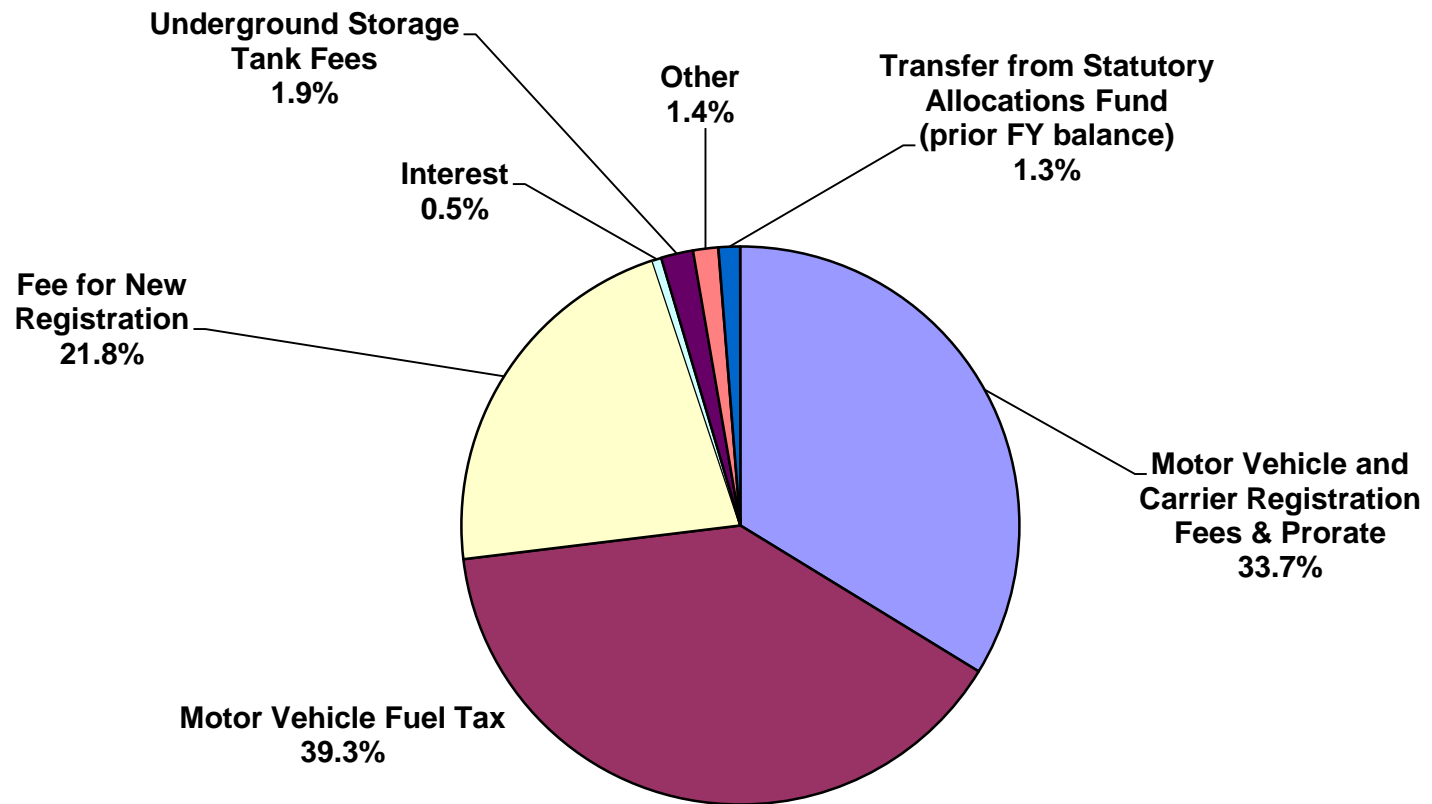
# Road Use Tax Fund (RUTF)

- 2008 Session – SF 2420 (TIME-21 Act) restructured the revenues for the RUTF
- Current (FY13 Estimated) revenues include:
  - ◆ Motor vehicle fuel taxes
  - ◆ Motor vehicle and motor carrier registration fees
    - After fees reach \$392.0 million, the remaining amount collected for the fiscal year is transferred to the TIME-21 Fund
  - ◆ Fee for new registration
    - 5.0% tax on vehicle purchase - replaced motor vehicle use tax - now constitutionally protected
  - ◆ Other - including interest, underground storage tank fees, permits, special plates, balance from Statutory Allocations Fund

# Road Use Tax Fund Revenues

## Estimated FY 2014

\$1.185 billion



# Road Use Tax Fund

## Off-the-Top Allocations and Appropriations

### Examples

- Statutory Allocations (§ 312.2)
  - ◆ Primary Road Fund – Commercial & Industrial Network
  - ◆ Revitalize Iowa's Sound Economy (RISE)
  - ◆ Park and Institutional Roads
  - ◆ Highway Safety Projects
  - ◆ Living Roadway Trust Fund
  - ◆ City/County Bridge Funds
  - ◆ County Treasurers Equipment
  - ◆ Driver License Personal Delivery of Service
- Annual Appropriations
  - ◆ DOT Motor Vehicle Division
  - ◆ Driver's License Costs (Lease)
  - ◆ 511 Travel/Weather Information Systems
  - ◆ State Auditor Reimbursement
  - ◆ DAS Utility Services
  - ◆ DIA – Driver License Revocation Hearings
  - ◆ Workers Compensation
  - ◆ Unemployment Compensation
  - ◆ MVD Field Facility Maintenance



# Road Use Tax Fund Distributions

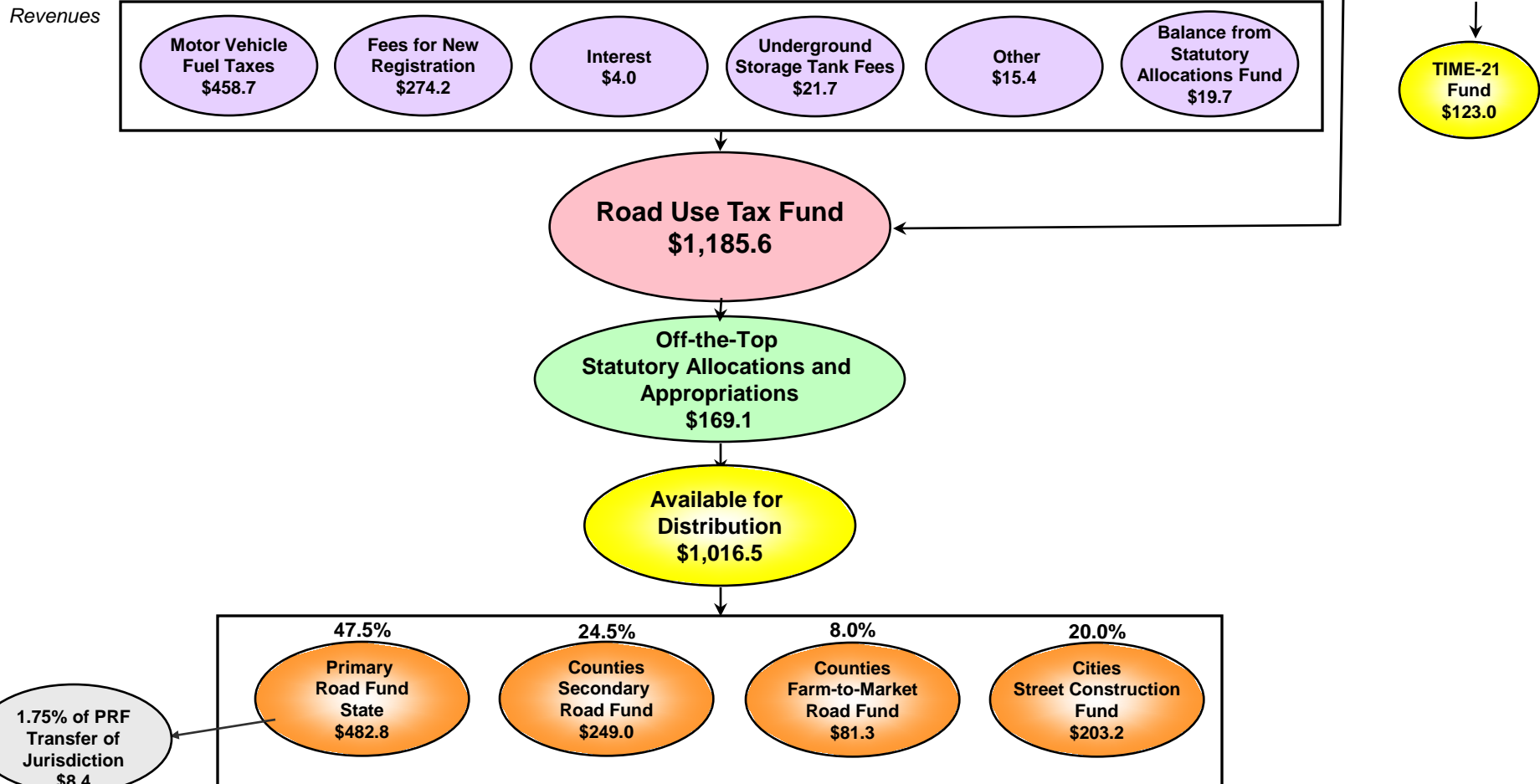
In accordance with Iowa Code section 312.2

- After the Off-the-Top Allocations and Appropriations – RUTF funds disbursed as follows:
  - ◆ Primary Road Fund (State) - 47.5%
    - 1.75% of this distribution goes to the Transfer of Jurisdiction Fund
  - ◆ Secondary Road Fund (Counties) - 24.5%
  - ◆ Farm-to-Market Road Fund (Counties) - 8.0%
  - ◆ Street Construction Fund (Cities) - 20.0%

# Road Use Tax Fund Revenues and Allocations

## Estimated FY 2014 (dollars in millions)

Motor Vehicle Registration Fees \$515.0 million	
\$392.0 Million	Fees in Excess of \$392.0 million



Note: Numbers may not total due to rounding.

# Other Road Funds

These funds are not appropriated – they are disbursed by statutory formula and allocations

- **Transfer of Jurisdiction (Iowa Code section 313.4(6))**

- ◆ Receives 1.75% of Primary Road Fund's RUTF distribution
- ◆ Transfers to counties and cities per Code Section 313.4(6) through FY 2013
- ◆ Sunsets June 30, 2013, after that time 1.75% will continue to come from the PRF and will be divided between all counties and cities - 90.0% to counties and 10.0% to cities

- **TIME-21 Fund (Iowa Code chapter 312A)**

- ◆ Per Section 312.2(17)(a) – receives registration fee revenue in excess of \$392.0 million, and increases from trailer registration fees and title and salvage title fees
- ◆ Statutory formula disbursement – 60.0% Primary Road Fund (State), 20.0% Secondary Road Fund (counties), and 20.0% Street Construction Fund (cities)
- ◆ Sunsets FY 2028, when these revenues will deposit in the RUTF and will flow through the formula provided in Section 312.2(1)

- **Statutory Allocations Fund (Iowa Code section 321.145)**

- ◆ Per 2008 Iowa Acts, Chapter 1113 – receives driver's license fees, nonoperator identification card fees, trailer registration fees, title and salvage title fees, title surcharge fees, use tax, and car rental tax
- ◆ Statutory allocations – Underground Storage Tank Loan Fund, public transit assistance, Motorcycle Rider Education Fund, Special Plates Fund, balance to RUTF

# FY 2014 DOT Budget Recommendations

- The DOT requested and the Governor recommend \$352.8 million, an increase of \$2.4 million compared to estimated FY 2013
- The recommendation includes \$47.6 million from the RUTF and \$305.3 million from the PRF
- The Department is creating a new division of Performance and Technology as part of the Operations appropriation with existing resources
- Significant special purpose recommendations include:
  - ◆ Equipment Replacement – Maintaining the FY 2013 funding level, \$5.4 million, for inventory and equipment replacement
  - ◆ Field Facility Deferred Maintenance – An increase of \$500,000
  - ◆ HVAC Improvements – An increase of \$300,000
  - ◆ Garage Roofing Projects – An increase of \$300,000
  - ◆ Workers' Compensation – A decrease of \$153,000
  - ◆ DAS – A decrease of \$96,000 for personnel and utility services from the DAS
  - ◆ Transportation Maps – An increase of \$79,333 to print 1.8 million maps over a two year cycle
- A capitals request in the amount of \$6.5 million for the Mason City Combined Garage

# Infrastructure Funding Sources

- Current
  - ◆ Rebuild Iowa Infrastructure Fund (RIIF)
  - ◆ Technology Reinvestment Fund (TRF)
  
- Other
  - ◆ *Bond Proceeds from Tax-Exempt Bonds*
    - *Revenue Bonds Capitals Fund (RBC)*
    - *Revenue Bonds Capitals II Fund (RBC2)*
    - *FY 2009 Prison Bonding Fund (PBF)*

# Rebuild Iowa Infrastructure Fund

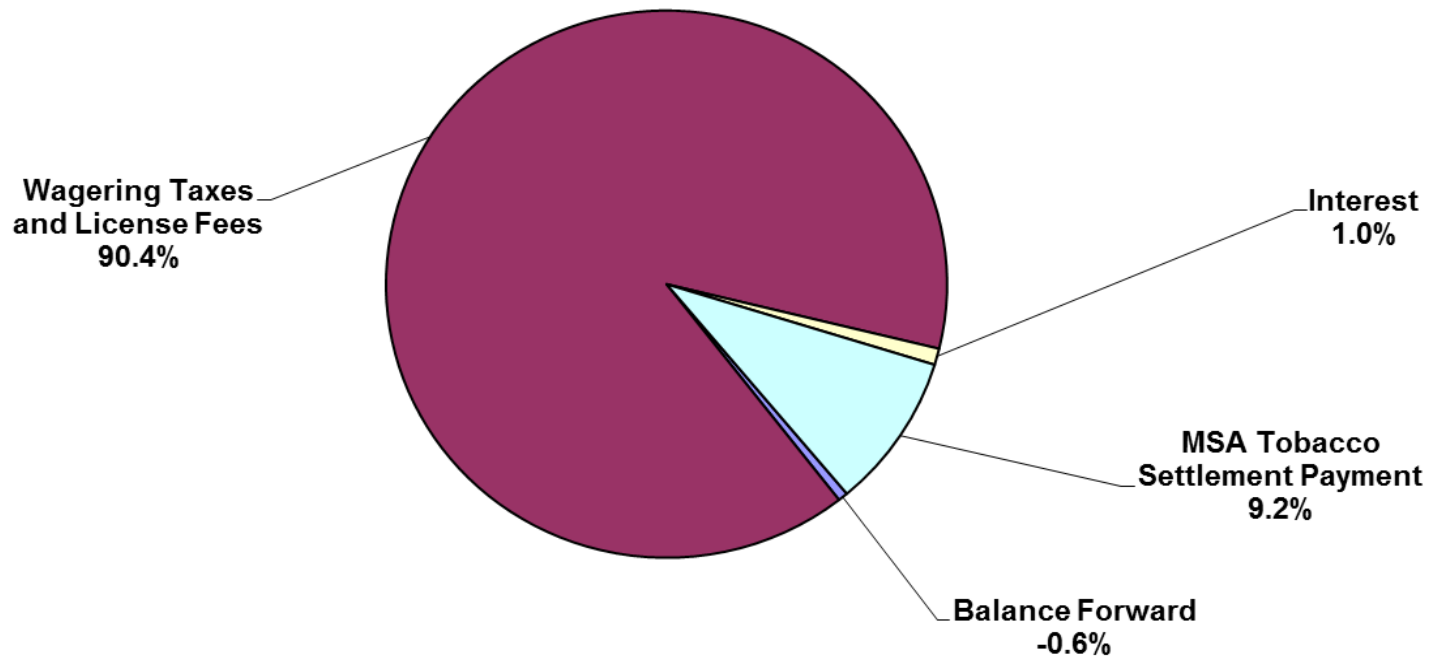
- RIIF is established in Iowa Code section 8.57(5)
- RIIF purpose is for vertical infrastructure
  - ◆ Definition in Iowa Code section 8.57(5)(c) is:
    - *For the purposes of this subsection, “vertical infrastructure” includes only land acquisition and construction; major renovation and major repair of buildings; all appurtenant structures; utilities; site development; recreational trails; and debt service payments on academic revenue bonds issued in accordance with chapter 262A for capital projects at board of regents institutions.*
    - *“Vertical infrastructure” does not include routine, recurring maintenance or operational expenses or leasing of a building, appurtenant structure, or utility without a lease–purchase agreement.*
  - ◆ If project does not meet definition – “notwithstanding” used

# RIIF – Revenues

- Current revenue sources:
  - ◆ *Remainder* of State wagering taxes after other Iowa Code section 8.57 allocations are made
  - ◆ Interest earnings from the Cash Reserve and Economic Emergency Fund (rainy day funds)
  - ◆ Interest earnings from RIIF and the Environment First Fund
  - ◆ Unsecuritized 22.0% of tobacco settlement payments

# RIIF Resources

## Estimated FY 2014





# Wagering Tax Allocations

- Current wagering tax allocations in Iowa Code section 8.57(5)(e) are as follows in this order:
  - ◆ \$55.00 million to revenue bond debt service
  - ◆ \$3.75 million for federal subsidy holdback fund
  - ◆ \$1.25 million to General Fund (the beginning of the GF portion)
  - ◆ \$15.00 million Vision Iowa bonds debt service
  - ◆ \$5.00 million School Infrastructure bonds debt service
  - ◆ \$64.75 million to General Fund (for a total of \$66.00 million to the GF)
  - ◆ **Remainder** to RIIF (amount changes depending on wagering tax receipts)

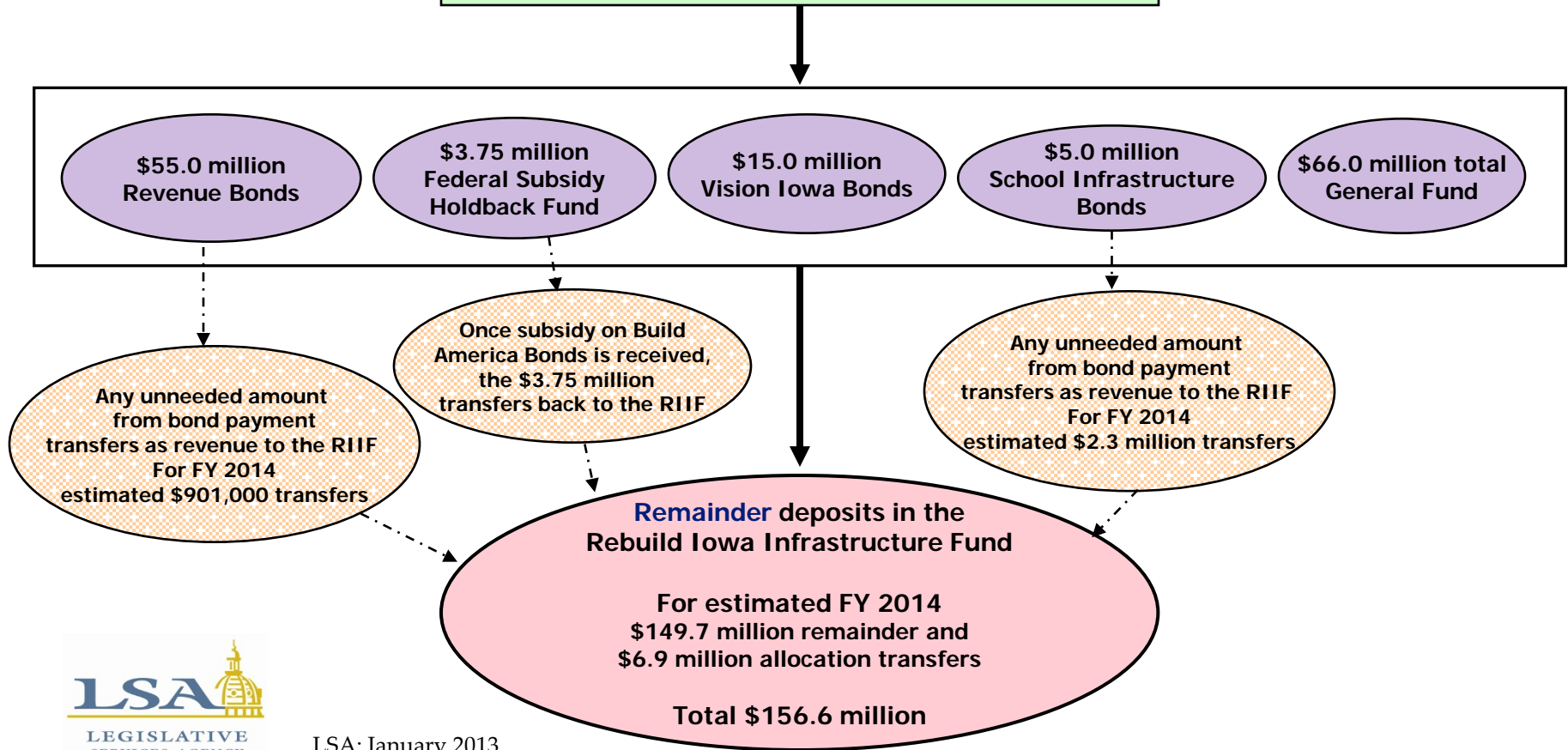
# Distribution of State Wagering Taxes

Iowa Code section 8.57(5) Allocations

**Land-based and riverboat casinos  
pay State wagering taxes**

**Estimated FY 2014 - \$294.4 million\***

\*includes related license fees paid



# RIIF Summary Balance Sheet

## Current Law Appropriations and Estimates as of December 2012

(dollars in millions)

	Actual FY 2012	Est. FY 2013	Est. FY 2014	Est. FY 2015	Est. FY 2016
<b><u>Revenues</u></b>					
Balance Forward	\$ 16.8	\$ 15.5	\$ -0.9	\$ 0.0	\$ 0.0
Wagering Taxes/Related Revenues	140.9	148.5	149.7	151.7	156.8
Wagering Tax - Transfers from TOS <sup>1</sup>	6.8	7.0	6.9	6.8	6.9
Interest	1.7	1.7	1.7	1.7	1.7
Other Revenue	0.1	21.0	0.0	0.0	0.0
Tobacco Settlement Payment/Endowment Transfer	16.7	16.0	16.0	16.1	16.2
Total Revenues	<u>183.0</u>	<u>209.7</u>	<u>173.4</u>	<u>176.3</u>	<u>181.6</u>
<b><u>Appropriations</u></b>					
Environment First Fund <sup>2</sup>	33.0	35.0	42.0	42.0	42.0
Housing Trust Fund <sup>2</sup>	3.0	3.0	3.0	3.0	3.0
Technology Reinvestment Fund <sup>3</sup>	15.5	0.0	0.0	0.0	0.0
Other Appropriations	<u>116.4</u>	<u>172.6</u>	<u>85.5</u>	<u>33.5</u>	<u>0.0</u>
<b>Total Appropriations</b>	<u>167.9</u>	<u>210.6</u>	<u>130.5</u>	<u>78.5</u>	<u>45.0</u>
Reversions	-0.4	0.0	0.0	0.0	0.0
<b>Available for Appropriation</b>			<b>42.9</b>	<b>97.8</b>	<b>136.6</b>
Ending Balance	<u>\$ 15.5</u>	<u>\$ -0.9</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>

Notes:

1) Beginning FY 2011, the transfer from the Treasurer of State (TOS )includes the unneeded amounts for debt service on the revenue bonds issued in 2009 and 2010, the transfer back from the wagering tax allocation (\$3.75 million) for the Federal Subsidy Holdback Fund once the subsidy is received, and the amount unneeded from the debt service on the school infrastructure bonds (approximately \$2.3 million).

2) Standing appropriations from the RIIF.

3) Normally funded by a General Fund appropriation. For FY 2009 through FY 2012, funded from the RIIF.

In FY 2013, the TRF is receiving \$20.0 million from wagering taxes that would normally have deposited in the General Fund.

# RIIF FY 2014 Appropriations

## Standing and Previously Enacted – Current Law

Environment First Fund	\$ 42,000,000
DOC - ICIW Mitchellville Expansion and FFE Costs	26,769,040
Regents - ISU - Ag/Biosystems Engineering Complex Phase II	21,750,000
Regents - UNI - Bartlett Hall Renovation	10,267,000
Regents - UI - Dental Science Building	9,750,000
Community Attraction and Tourism Grants	5,000,000
DNR - State Park Infrastructure	5,000,000
DOC - ISP Fort Madison Construction and FFE Costs	3,000,000
State Housing Trust Fund	3,000,000
Lake Delhi Dam Restoration	2,500,000
DCA - Historical Building and Museum Renovation	1,000,000
State Fair Cultural Center	250,000
DOC - Prison Construction Management	200,000
<b>Total</b>	<b><u>\$ 130,486,040</u></b>

# Other Infrastructure-Related Funds

- Technology Reinvestment Fund (TRF)
  - ◆ Standing appropriation of \$17.5 million from the General Fund
    - Funding shifted to the RIIF for FY 2009 through FY 2012 , reduced funding levels in FY 2010 through FY 2012
    - For FY 2013, receiving \$20.0 million in revenue from wagering taxes
    - Slated to resume as General Fund appropriation of \$17.5 million in FY 2014
- Bond proceeds funds – restricted capital
  - ◆ Revenue Bonds Capitals Fund (RBC)
  - ◆ Revenue Bonds Capitals II Fund (RBC2)
  - ◆ FY 2009 Prison Bonding Fund (PBF)
  - ◆ As the bond-related funds earn interest, some additional funds will be available

# Infrastructure Requests

- Infrastructure requests always exceed available funds
  - ◆ For FY 2014, departmental requests from infrastructure funds totaled \$427.2 million,\* for infrastructure-related projects, an increase of \$226.1 million compared to estimated FY 2013
    - Of the \$427.2 million, \$88.5 million represents previously enacted appropriations in the RIIF and \$10.4 million represents previously enacted appropriations in the TRF
    - The net total of new requests from the infrastructure budget for FY 2014 is \$328.3 million
    - Many of the requests will not be funded or not in their entirety
      - Typical first step is to see what the Governor recommends
    - Possible to change, reduce, eliminate current law appropriations

*\*Does not reflect appropriation from the RIIF to the EFF or to the Agricultural Drainage Wells reflected in the Agriculture and Natural Resources Subcommittee tracking, to avoid double counting.*

# Infrastructure - Governor's Recommendations

- *Additional revenues* to RIIF, \$20.6 million balance of federal CHIP contingency funds and \$1.5 million balance from the Property Tax Credit Fund
- Appropriations – \$175.4 million recommended:
  - ◆ \$151.9 million – recommendations from the RIIF\*
  - ◆ \$18.0 million – recommendations from the TRF
  - ◆ \$5.5 million – one recommendation from the General Fund for DOT multimodal transportation
- No changes recommended to current law FY 2014 appropriations
- Items moving from RIIF or TRF to the General Fund
  - ◆ High Quality Jobs Program
  - ◆ Iowa Corrections Offender Network (ICON)

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For more information, call or e-mail:

Marcia Tannian 515-281-7942  
[marcia.tannian@legis.iowa.gov](mailto:marcia.tannian@legis.iowa.gov)

Dave Heuton 515-725-0509  
[david.heuton@legis.iowa.gov](mailto:david.heuton@legis.iowa.gov)

Fiscal Services Division, Legislative Services Agency  
Located: Ola Babcock Miller Building – 2<sup>nd</sup> Floor